

Millennium Challenge Albania MONITOR



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The two-year \$13.85 million Millennium Challenge Albania Threshold Agreement between the Government of Albania (GoA) and Millennium Challenge Corporation (MCC, www.mcc.gov), administered by USAID assists the GoA to reform and modernize tax administration, public procurement, and business registration processes, through IT solutions and legislative enhancements.

LEGISLATIVE DEVELOPMENTS

Progress towards a new law on tax procedures

The basic framework of Albania's tax system is sound, but it needs improvements to ensure collection of the correct amount of tax in a professional, transparent, efficient, and fair manner. During February, leading international experts in cooperation with the General Directorate of Taxation (GDT) developed a series of recommendations to improve tax procedures. The recommendations will serve as guiding principles for developing a new tax procedure law that will build upon the best existing practice in Albania and the world and will lay the foundation for an integrated tax administration system with streamlined record keeping and operations. A draft law based on these recommendations will be developed in the next three months.

Public procurement legislation approved

On January 10, 2007, the Council of Ministers (CoM) approved the secondary legislation (procurement regulations) for the Public Procurement Law. The regulations provide step-by-step guidance to the public procurement process for 6,000 procurement officials throughout country. In addition, Standard Tender Documents (STDs) described in the Public Procurement Law were completed within a seven-day time limit. These documents are all downloadable from the Public Procurement Agency web site (www.app.gov.al).

The new Law on National Registration Center completed

The Ministry of Economy, Trade and Energy (METE) and the project together with a team of Albanian lawyers drafted a law that will establish the National Registration Center (NRC). The Center will provide a "one-stop-shop" one-day process for business registration, including simultaneous registration with the tax authorities, social insurance, and labor inspectorate. The NRC registry will be electronic, with Internet access available to all businesses and the public. Consultation by the project and METE with the business community, municipalities, other interested organizations, and the line ministries led to the final proposed law submitted in early March to the Council of Ministers. The draft law is expected to be submitted to the Parliament within the next month.

Dear Reader

We are proud to introduce to you the first bimonthly newsletter of the Millennium Challenge Albania Threshold Agreement project.

Funded by the MCC, and implemented by USAID through a task order with Chemonics International and consortium partners, this project is designed to enable transparency, accountability, public access, and IT solutions to streamline management processes and services in tax administration, public procurement, and business registration.

This newsletter provides the public with up-to-date information on the progress of project activities in the three above-mentioned focus areas and engages stakeholders in the implementation of reforms.

Since the start of the project in September 2006 there have been noticeable achievements in the three project components, as you will see in this newsletter and other upcoming publications. Many challenges lie ahead in meeting the ambitious goals set by the MCC Threshold Country Plan. The Albania Threshold Agreement project is optimistic about the successful implementation of the proposed reforms by September 2008.

We look forward to providing you with information on further achievements and challenges in implementing the activities during the life of the project.

Sincerely,
Rick Wolfe
Chief of Party



The new NRC will shorten the response time of registering businesses to one day. This citizen will no longer need to look for the Court date that will decide on the registration of his business.

INSTITUTIONAL CAPACITY DEVELOPMENT

Tax Administration Implementation Committee established

In February, the Tax Administration Implementation Oversight Committee was established to lead the efforts for implementing project-supported reforms in tax administration. The committee, comprised of the highest officials of the General Directorate of Taxation (GDT), reviewed and approved completed gap analyses reports and recommendations on various tax administration functions and discussed issues such as e-filing and e-payment for large taxpayers, development of a revenue accounting system, and improvements of enforced collection operations. The next meeting of the Implementation Oversight Committee will take place March 16, 2007.



Public procurement officials from major public agencies discuss the changes introduced by the new Public Procurement Law

Public procurement officials informed on the new law and regulations

During January and February, the project supported the Public Procurement Agency (PPA) in conducting a series of informative seminars on the new Public Procurement Law and regulations. More than 300 procurement officers and government officials throughout the country were informed on the basic principles of the new law, new public procurement procedures, the new oversight responsibilities for the Public Procurement Advocate, procedures for tender complaints procedures, the public procurement bulletin, the timeframe for public procurement announcements, as well as on the new features of the PPA web site (see box below). The training materials and results in both English and Albanian are posted on the PPA web site (www.app.gov.al).

"This seminar will definitely improve the quality of my procurements and will also push me to ensure greater transparency in the evaluation of bidders, as the law requires" said a participant at one of the PPA seminars with PP officials.

For questions about the project and to subscribe to this newsletter, call or write to us at:

Millennium Challenge Albania Threshold Agreement

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E-GOVERNMENT

When organizing a tender to refurbish one of Albpetrol's industrial ovens, the head of the procurement office at the Fier branch of Albpetrol no longer has to make the three-hour trip to the PPA in Tirana to file his documents. Instead, he simply uploads the tender documents from his own office desktop once they are approved by the PPA. Interested bidders can download them on their computers free of charge, so there is no need to ask for favors or pay bribes to public officials. If they choose to, bidders remain anonymous until they submit proposals minimizing the opportunity for corrupt officials to pressure or intimidate them. Thanks to the Internet posting, competition among bidders is strengthened since procurement information is available to contractors throughout Albania. This was all made possible by upgrades to the PPA website implemented by the project.

During January and February, the project completed the IT assessment of the GDT, Large Taxpayers Office, Tirana Tax Office, and PPA. These assessments provided the basis for developing functional requirements for an EU compliant e-procurement and for the National Registration Center IT system, as well as for upgrading the IT tax system to improve transparency in tax collections and other taxpayer services.

PUBLIC OUTREACH

Roundtable with the business community

On February 27, the project organized the first of a series of roundtables on the new public procurement law and procedures with the business community. Speakers from the Public Procurement Agency (PPA) and the project informed the participants about the basic principles of the new law and the new public procurement procedures, as well as about economic operators' rights and responsibilities. They also introduced the new features of the PPA website that enable wider access by businesses and the public to tender documents and public procurement laws and regulations.

Consultative meetings on the proposed NRC law

During January the Ministry of Economy, Trade, and Energy (METE) organized a series of consultative meetings regarding the draft NRC law. Feedback on the draft law was solicited by METE's Business Advisory Council, municipal officials, and a group of leading nonprofit organizations.

UPCOMING EVENTS

A study tour to Germany with the participation of high tax officials, judges from Tirana District Court, and the Ministry of Justice will take place the first week in March. Participants will learn from Germany's experience on tax appeals and tax courts.

PPA staff will go on a study visit to Macedonia to explore that country's experience with e-procurement that was introduced a year ago based on a platform similar to the upcoming e-procurement system in Albania.

Additional seminars on the new public procurement law and procedures with public procurement officials from the central and local government, as well as four more roundtables with the business community are scheduled for March and April 2007.